

Integrated Waste Management Fund

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T*o provide solid waste disposal and recycling services, collection of fees for those services, and City efforts to encourage reduction, reuse, and recycling of solid waste. Services provided through this fund are:*

- *Garbage collection, recycling services, public outreach, and administration;*
- *Management of the city-wide garbage disposal contract;*
- *Customer billing and customer service;*
- *Household Hazardous Waste services;*
- *Environmental planning and policy development;*
- *Residential street sweeping;*
- *Environmental facility management*

Integrated Waste Management Fund

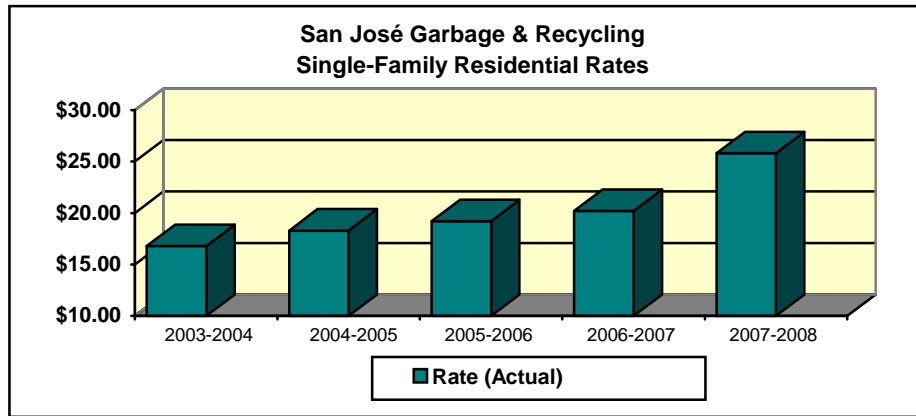
Budget Summary

	2006-2007 Adopted	2007-2008 Adopted	Change
Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 72,857,146	\$ 91,189,222	25.2%
Accounting and Lien Collection	\$ 1,992,813	\$ 1,587,171	(20.4%)
City-Wide Disposal Contract Mgmt.	\$ 9,975,811	\$ 8,980,635	(10.0%)

Budget Highlights 2007-2008

- ❑ In 2007-2008, the main activities of this fund will include: transitioning to new garbage and recycling services providers for Districts A and C (areas currently serviced by Norcal Waste System, Inc.) on July 1, 2007; continuing stabilization of the Integrated Billing System in collaboration with the Environmental Services, Finance, and Information Technology Departments; and providing staffing resources for the Integrated Waste Management Division.
- ❑ A continuing goal for this fund in 2007-2008 is to maintain the Recycle Plus single-family and multi-family garbage and recycling programs as close to cost recovery as possible. In order to accomplish this, a rate increase of 28% for single family and a rate increase of 4% for multi-family were approved.

Budget Byte



	2002- 2003	2003- 2004	2004- 2005	2005- 2006	2006- 2007	2007- 2008
Rate	<u>Actual</u> \$15.40	<u>Actual</u> \$16.80	<u>Actual</u> \$18.30	<u>Actual*</u> \$19.20	<u>Actual**</u> \$20.15	<u>Actual***</u> \$25.80

* Effective April 1, 2006
 ** Effective August 1, 2006
 *** Effective July 1, 2007

Integrated Waste Management Fund

Fund Overview

The Integrated Waste Management (IWM) Fund supports residential, commercial, and civic solid waste activities, including various contracts for collection, processing and disposal. New contracts for Recycle Plus garbage, recycling, yard trimmings, and street sweeping services for single-family service in Districts A and C (areas previously serviced by Norcal Waste System, Inc.) beginning July 1, 2007, were approved by City Council in November 2006. In order to ensure adequate funding for these new contracts, a 28% increase for single-family dwellings and a 4% increase for multi-family properties were approved, effective July 1, 2007. The bulk of the 28% single-family rate increase can be attributed to large increases in expenditures (54% over current costs) associated with the new Recycle Plus contracts beginning in 2007-2008. The rate increases include general increases to Recycle Plus rates, general increases to Recycle Plus delinquency charges, and one-time adjustments to the yard trimmings subscription cart rate and subscription on-premises service rates.

A single-family dwelling (SFD) increase of 28% will amount to an additional \$5.65 per month for the standard 32-gallon garbage cart, and will increase the rate from \$20.15 to \$25.80. This increase compares to an estimated county-wide weighted average for a 32-gallon garbage cart for 2007 of \$24.09 per month. A 4% increase in multi-family dwelling (MFD) rates, the approved rate for a 3-cubic yard bin serviced once per week (one of the most common multi-family service levels) is \$164.62, far lower than the county-wide average of \$203.80 per month, based on a December 2006 survey prepared by the City of Santa Clara.

The City's Construction and Demolition Debris Deposit (CDDD) recycling program continues to successfully divert the single largest component of the City's waste stream

and maintain its status of national and international renown. One challenge encountered by the program is that many depositors have not requested refunds of their deposits. The lack of refund requests has led to a balance of approximately \$13 million in the CDDD Liability Account. The Environmental Services Department (ESD) and Planning, Building and Code Enforcement Department's Development Services division implemented some changes this year to notify property owners of deposits on record, though the effects of those efforts will not be known until next year due to the duration of the construction projects. Other strategies have been evaluated to reduce the balance in the Liability Account, which resulted in a plan to bring ESD's program into alignment with Development Services business practices. The City Council recently approved changes to San José Municipal Code that should lead to a reduction of the balance in the Liability Account and provide more refunds to customers. Beginning in 2007-2008, processes will be automated to notify customers of their deposits on record. ESD estimates it may take more than a year to reconcile the backlog of unclaimed deposits and it will report to the City Council on unclaimed deposits next year.

Several proposals were approved in the 2007-2008 Adopted Budget to enhance program efficiencies and service levels. Approved additions in ESD include two Senior Office Specialists to support Integrated Waste Management Program administrative functions. This augmentation was funded by a net zero shift of existing non-personal/equipment resources. Funding was also approved for one Senior Maintenance Worker and associated non-personal/equipment costs to address the ongoing repair and maintenance of the Las Plumas warehouse during plan development for the site's renovation and support after the renovation takes places, and for a portion of an

Integrated Waste Management Fund

Fund Overview (Cont'd.)

Environmental Services Specialist for the implementation of the Green Building Program (\$52,417). Also included in this Adopted Budget was a shift of the Yard Trimmings contractual expense from the General Fund to the Integrated Waste Management Fund to provide ongoing savings to the General Fund (\$235,200).

In addition, funding was approved for the Information Technology and Finance Departments to provide staffing support to the Integrated Billing System (IBS). Five temporary positions in the Information Technology Department (ITD) have been converted to permanent positions as part of this budget. These positions include one Program Manager, two Information Systems Analysts, and two Analysts (\$412,499). In addition, 10 temporary positions and nine contractual positions currently in the Customer Contact Center have been converted to 11 permanent Senior Office Specialists and eight temporary Senior Office

Specialists (\$1,170,265). One Account Clerk II, two Senior Accountants, and one Principal Accountant partially funded by this fund (\$211,371), have been added to the Finance Department as part of this budget. These augmentations will ensure sufficient staffing for IBS.

A funding increase was also approved for the Department of Transportation to continue an additional phase of the Street Sweeping Enforcement Program (\$131,920). Funding was also approved for Risk Management staffing in the Human Resources Department (\$24,838).

Continuing in 2007-2008 will be the stabilization of the IBS that was implemented in July 2006. The system will provide the technological foundation for more efficient customer service and associated Finance operations, and the integration of the Customer Contact Center.

Fund Summary

	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	\$ 13,848,432	\$ 13,606,410	\$ 15,898,638	16.8%
Operating Revenues	78,579,903	81,267,662	100,388,566	23.5%
Interest	990,864	503,160	893,907	77.7%
Total	\$ 93,419,199	\$ 95,377,232	\$ 117,181,111	22.9%
Dollars by Uses				
Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 70,601,155	\$ 72,857,146	\$ 91,189,222	25.2%
Accounting and Lien Collection	1,403,766	1,992,813	1,587,171	(20.4%)
City-Wide Disposal Contract Management	7,994,247	9,975,811	8,980,635	(10.0%)
Ending Fund Balance	13,420,031	10,551,462	15,424,083	46.2%
Total	\$ 93,419,199	\$ 95,377,232	\$ 117,181,111	22.9%

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Overview

This category provides overall direction to ensure achievement of City objectives related to the reduction of solid waste and waste management. The Garbage and Recycling Services unit oversees and manages the garbage and recyclables collection contracts for San José residents and franchises for businesses. This unit also designs, evaluates, and implements programs to reduce waste generated by the City; provides policy and technical analysis; promotes programs for

market development; and ensures compliance with environmental laws and permits. The Public Outreach Services unit designs, implements, and evaluates major public education outreach and marketing initiatives in support of recycling, composting, and waste reduction objectives. Administrative Services includes support services provided by various City departments, overhead to the General Fund, as well as Workers' Compensation Claims costs.

Budget Category Summary

Garbage and Recycling Services, Public Outreach, and Administrative Services	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Adopted 3	% Change (2 to 3)
Garbage and Recycling Services	\$ 61,351,584	\$ 68,966,192	\$ 82,914,336	20.2%
Public Outreach	357,991	577,788	577,788	0.0%
Administrative Services	8,891,580	3,313,166	7,697,098	132.3%
Total	\$ 70,601,155	\$ 72,857,146	\$ 91,189,222	25.2%

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Summary (Cont'd.)

The following changes were approved in 2007-2008 in the Garbage and Recycling Services, Public Outreach, and Administrative Services allocations:

Adopted Allocation	2006-2007 Adopted	Change	2007-2008 Adopted
Garbage and Recycling Services	\$ 68,966,192	\$ 13,948,144	\$ 82,914,336

The changes in the 2007-2008 Adopted Budget for this category are the result of cost-of-living adjustments to garbage and recycling contracts (\$1,719,465), and new garbage and recycling service provider contracts (\$41,792,500). Also, the following additions were approved for the Environmental Services Department: funding for one Senior Maintenance Worker (\$77,656) for the repair and maintenance of the Las Plumas Warehouse plus associated non-personal/equipment costs (\$100,000); two Senior Office Specialists (\$124,602) to support Integrated Waste Management administrative efficiencies; one Environmental Services Specialist (\$40,377) for Green Building plus associated non-personal/equipment costs (\$9,077); rebudget in non-personal/equipment for Public Area Recycling (\$116,950), adjustment to Yard Trimming/Street Sweeping program (\$847,700), Single Family Recycle Plus (\$418,300), and increases in personal services in Planning, Building, and Code Enforcement (PBCE) for Planner II for Green Building implementation (\$24,876). The increase also reflects the decision to shift the civic yard waste contract expenditure (\$235,200) from the General Fund to this fund, the addition of a Maintenance Worker II in the Department of Transportation (DOT) for street sweeping enforcement (\$131,920), and several minor base adjustments (\$4,145). These increases were partially offset by a net zero shift of non-personal/equipment (\$1,266,000), shift of the Recycle Plus Customer Contact Center staff (\$1,271,488) and associated non-personal/equipment budget (\$134,396) to the Information Technology Department and the shift of non-personal/equipment funds to personal services (\$151,796); the elimination of costs of the current hauler contract (\$26,706,720) and the elimination of the following one-time funding for the Environmental Services Department: hauler transition (\$162,000); Integrated Billing System implementation and transition (\$173,812); contractual costs for Clean and Green Downtown System Redesign (\$200,000); Material Characterization Study (\$300,000); and rebudget and adjustment of SB 332 funds (\$178,443). In addition, the change reflects the elimination of the rebudget for Integrated Billing System (\$339,990); the elimination on one-time funding for street sweeping enforcement (\$120,040); and the transfer of CUBS-Debt Service costs to Administrative Services (\$689,939).

Public Outreach	577,788	0	577,788
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There are no changes included in the 2007-2008 Adopted Budget for Public Outreach.

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Summary (Cont'd.)

Adopted Allocation	2006-2007 Adopted	Change	2007-2008 Adopted
Administrative Services	\$ 3,313,166	\$ 4,383,932	\$ 7,697,098

The change in Administrative Services reflects increases in overhead (\$363,171) and increases in Information Technology Department (ITD) personal services as a result of the shift of ESD and City Manager Customer Contact Center staff costs to ITD (\$1,861,993) and staffing for the Integrated Billing System (IBS) (\$1,349,901); non-personal/equipment budget shift to ITD from ESD (\$134,396) and for IBS (\$10,901); Oracle/PeopleSoft licensing tax costs (\$5,100); and wireless connection costs (\$450). Additional changes include personal services changes in Human Resources (\$24,838); workers' compensation claims (\$5,408); GASB retirement assessment (\$21,505); base and benefit changes in the City Manager's Office, and ITD (\$81,690); and the shift of IBS-Debt Service into the Administrative Services category (\$704,161). These increases are offset by the decrease in City Hall Debt Service cost (\$100,642) and one time IBS costs in ITD (\$78,940).

Total Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 72,857,146	\$ 18,332,076	\$ 91,189,222
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Integrated Waste Management Fund

Budget Category: Accounting and Lien Collection

Budget Category Overview

This category provides accounting and delinquency collection services for the residential Recycle Plus program, including the

Garbage Lien unit. Program staff performs revenue, expenditure, and accounts receivable reconciliation.

Budget Category Summary

Accounting and Lien Collection	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Adopted 3	% Change (2 to 3)
Accounting and Lien Collection	\$ 1,403,766	\$ 1,992,813	\$ 1,587,171	(20.4%)
Total	\$ 1,403,766	\$ 1,992,813	\$ 1,587,171	(20.4%)

The following changes were approved in 2007-2008 in the Accounting and Lien Collection allocation:

Adopted Allocation	2006-2007 Adopted	Change	2007-2008 Adopted
Accounting and Lien Collection	\$ 1,992,813	\$ (405,642)	\$ 1,587,171

The decrease in costs for the Accounting and Lien Collection category reflects the elimination of one-time staffing support during the stabilization process for the new Integrated Billing System (\$413,393), base adjustments in personal services (\$118,620), and non-personal/equipment base (\$101,000) expenditures. These decreases were offset by the approved increase in personal services cost in the Finance Department associated with the addition of four positions: one Account Clerk II, two Senior Accountants, and one Principal Accountant (\$211,371) and rebudget for Delinquent Lien Releases (\$16,000).

Total Accounting and Lien Collection	\$ 1,992,813	\$ (405,642)	\$ 1,587,171
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Integrated Waste Management Fund

Budget Category: City-Wide Disposal Contract Management

Budget Category Overview

This program manages the City-Wide Disposal Agreement and pays the costs of the disposal of residential waste delivered to the Newby Island Landfill.

Budget Category Summary

City-Wide Disposal Contract Management	2005-2006 Actual 1	2006-2007 Adopted 2	2007-2008 Adopted 3	% Change (2 to 3)
City-Wide Disposal Contract Management	\$ 7,994,247	\$ 9,975,811	\$ 8,980,635	(10.0%)
Total	\$ 7,994,247	\$ 9,975,811	\$ 8,980,635	(10.0%)

San José entered into a 30-year agreement with IDC (International Disposal Corporation of California, Inc.) in 1985 for City waste disposal services. The City successfully renegotiated changes to the agreement in 1995 in order to maximize the value of the agreement while minimizing the cost and risk to the City. The term was extended through 2020, with additional years if the site is still open. The residential disposal costs paid for from the IWM Fund are to dispose of the waste that is collected by the City's Recycle Plus contractors from single-family dwellings and multi-family dwellings. Disposal of waste generated at City facilities or by City programs, is paid from the General Fund at a lower rate.

The City's payments for residential waste delivered to the Newby Island Landfill consist of the following: an annually adjusted base rate for actual amounts of residential waste delivered to the landfill; fees and taxes that IDC must pay back to the City; State and County surcharges; and regulatory rate payments for costs resulting from changes to laws and regulations made after June 6, 1985. The City and IDC also agreed to provide for an additional extension of this agreement should the life of the landfill extend beyond December 31, 2020.

Integrated Waste Management Fund

Budget Category: City-Wide Disposal Contract Management

Budget Category Overview (Cont'd.)

The following change was approved in 2007-2008 in the City-Wide Disposal Contract Management allocation:

Adopted Allocation	2006-2007 Adopted	Change	2007-2008 Adopted
City-Wide Disposal Contract Management	\$ 9,975,811	\$ (995,176)	\$ 8,980,635

This decrease is a result of an approved reduction in the quantity of residential solid waste requiring disposal.

Total City-Wide Disposal Contract Management	\$ 9,975,811	\$ (995,176)	\$ 8,980,635
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